

Verizon New England, Inc.
State of Maine
Earnings Statement
12 Months Ended December 2002

	<u>Combined</u> <u>Operations</u>	<u>Intrastate</u> <u>Operations</u>
Revenues		
1 Local Service Network Revenue (5001-5069)	252,861,865	252,861,865
2 Network Access Service Revenue (5081-5084)	155,892,564	15,068,729
3 Long Distance Network Service Revenue (5100-5169)	58,097,554	58,097,768
4 Miscellaneous Revenue (5230-5280)	45,232,415	34,190,468
5 Less: Uncollectibles (5301-5302)	21,519,880	14,708,975
6 Operating Revenue (L1 to L5)	\$490,564,518	\$345,509,856
Expenses		
7 Support (6112-6124)	23,215,661	17,266,850
8 Maintenance (6211-6540)	93,805,219	70,379,653
9 Depreciation and Amortization (6561-6565)	109,903,576	74,796,640
10 Marketing and Customer Services (6611-6623)	54,561,201	41,599,167
11 Other Expenses of Operations (6711-6790)	74,142,159	55,621,822
12 Telephone Expenses - Other than Tax (Line 7 to Line 11)	\$355,627,816	\$259,664,132
13 Investment Tax Credits - Net	(882,820)	(665,338)
14 Federal Taxes Deferred	9,509,591	8,340,477
15 Federal Taxes on Income	22,687,492	11,207,066
16 Miscellaneous Tax	491,269	351,721
17 Property Tax	23,815,733	17,017,149
18 State Taxes Deferred	759,943	0
19 State Income Taxes	1,261,918	960,189
20 Gross Receipts Tax	1,151,377	1,151,377
21 Total Taxes (Line 13 to Line 20)	\$58,794,503	\$38,362,641
22 Total Telephone Expenses including Tax (Line 12 plus Line 21)	\$414,422,319	\$298,026,772
23 Net Operating Revenues (Line 6 less Line 22)	\$76,142,199	\$47,483,084
24 Interest Charged Construction (7340)	1,435,977	1,028,931
25 Net Telephone Earnings (Line 23 to Line 24)	\$77,578,176	\$48,512,015
26 Average Net Investment	\$690,425,846	\$480,783,485
27 Earnings on Net Investment (Annual Basis)	11.24%	10.09%

() Denotes Negative Amount

Verizon New England, Inc.
State of Maine
12 Months Ended December 2002
Summary of Investment

	<u>Combined Operations</u>	<u>Intrastate Operations</u>
<u>Average December 2002</u>		
1 Telecommunications Plant in Service (2001)	\$1,838,976,295	\$1,316,084,472
2 Telephone Plant under Construction	20,568,249	14,823,126
3 Property Held for Future Telephone Use (2002)		
4 Average Telephone Plant (Line 1 to Line 3)	<u>\$1,859,544,545</u>	<u>\$1,330,907,598</u>
5 Depreciation Reserve (3100 - 3600)	<u>1,208,919,478</u>	<u>877,796,787</u>
6 Average Telephone Plant (Line 4 less Line 5)	\$650,625,067	\$453,110,811
7 Working Capital	<u>42,324,302</u>	<u>31,571,086</u>
8 Average Net Investment (Line 6 plus Line 7)	\$692,949,369	\$484,681,897
<u>Average 12 Months Ended December 31, 2002</u>		
9 Telecommunications Plant in Service (2001)	\$1,807,105,474	\$1,295,719,780
10 Telephone Plant Under Construction	22,973,788	16,611,722
11 Property Held for Future Telephone Use (2002)	<u>(1,214)</u>	<u>(853)</u>
12 Average Telephone Plant (Line 9 to Line 11)	\$1,830,078,048	\$1,312,330,650
13 Depreciation Reserve (3100 - 3600)	<u>1,175,963,223</u>	<u>858,680,254</u>
14 Average Telephone Plant (Line 12 less Line 13)	\$654,114,825	\$453,650,396
15 Working Capital	<u>36,311,021</u>	<u>27,133,089</u>
16 Average Net Investment (Line 14 plus Line 15)	\$690,425,846	\$480,783,485
<u>Deferred Taxes (4100, 4340)</u>		
17 Average Month of December, 2002	\$66,763,659	\$47,439,134
18 Average 12 Months Ended December 31, 2002	59,008,040	42,431,758

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